

# Exhibit A

*February 28, 2025 Hearing Transcript Excerpt*

NEW YORK STATE SUPREME COURT

NEW YORK COUNTY : CIVIL TERM : PART 3

-----X  
JEFFREY SIMPSON, individually and derivatively, as  
managing member of JJ ARCH LLC, suing derivatively as  
managing member of ARCH REAL ESTATE HOLDINGS LLC, and JJ  
ARCH LLC,

Plaintiffs,

-against-

Index No. 158055/2023

JARED CHASSEN and FIRST REPUBLIC BANK,

Defendant.

-----X  
JARED CHASSEN, individually and derivatively on behalf of  
JJ ARCH LLC, as member, and derivatively on behalf of ARCH  
REAL ESTATE HOLDINGS LLC, as member of JJ ARCH,

Counterclaim Plaintiff,

-against-

JEFFREY SIMPSON and YJ SIMCO LLC,

Counterclaim Defendants,

-and-

JJ ARCH LLC and ARCH REAL ESTATE HOLDINGS LLC,

Nominal Defendants.

-----X  
608941 NJ, INC.

Plaintiff,

-against-

JEFFREY SIMPSON, JJ ARCH LLC and ARCH REAL ESTATE HOLDINGS  
LLC,

Defendants,

-and-

ARCH REAL ESTATE HOLDINGS LLC,

Nominal Defendant.

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New York Supreme Court  
60 Centre Street  
New York, New York 10007  
February 28, 2025

CONTINUED HEARING

B E F O R E: HON. JOEL M. COHEN  
Supreme Court Justice

A P P E A R A N C E S:

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ALSO PRESENT: (Virtually)  
Mr. Jared Chassen

Lori Ann Sacco  
Official Court Reporter

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2 THE COURT: Good morning everyone. I think  
3 we're ready to get started. Mr. Lorenc, this is the  
4 day for the opposition to the motion. So can you  
5 just briefly give me the agenda in terms of the  
6 witness list.

7 MR. LORENC: Your Honor, the witness list  
8 will start with Mr. Quaranto, Ray Q-U-A-R --  
9 Q-U-A-R-A-N-T-O, followed by Mr. Yechiel Lehrfield,  
10 I'm sorry, L-E-H-R-F-I-E-L-D. Then there is the  
11 possibility of calling Mr. David Heymann and possibly  
12 Josh Dilean, D-I-L-E-A-N. I apologize, Judge.

13 THE COURT: And then?

14 MR. LORENC: That is it for now, Judge.

15 THE COURT: So, Mr. Simpson not on the list?

16 MR. LORENC: His affirmation was submitted,  
17 Judge.

18 THE COURT: It hasn't been subject to  
19 cross-examination.

20 MR. LORENC: Depending if Mr. Schwartz  
21 chooses to cross-examine, your Honor.

22 THE COURT: Well, by putting in the direct  
23 testimony affidavit, I'm only going to consider it if  
24 there is an opportunity to cross it really.

25 MR. LORENC: Well, of course. Yes, he's  
26 available for cross-examination, your Honor. And

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THE WITNESS: Thank you very much.

MR. MILLER: Thank you, Judge.

THE COURT: Thank you.

(Witness excused.)

THE COURT: All right. I'm going to take a short break. We have a lot less time than I was expecting. Let me see if I have any additional questions or anything else I'm going to provide to you today. Be right back.

(Whereupon a recess was taken.)

THE COURT: All right. Have a seat. All right. Thank you all. I've reached some conclusions about some of the main issues in this motion. As you'll hear in a moment, the final conclusion about what to do about it I think is going to require, you know, some argument of counsel, because we have some very practical questions that have come up as to which the record in my view is -- is murky as to whether in the end of the day the best thing for all involved is to bring somebody in at this stage, pay them whatever they are entitled to and whether that will in fact move the ball forward. I think that the rulings I'll give you or the decisions I'm going to give you will at least set the table for that.

So the basic ground rules are that for a

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temporary receivership in a situation like this, the movant has to show a couple of things. First they have to show that they are a person with an apparent interest in the property which is the subject of an action. And in that case a temporary receiver may be appointed where there is a danger that the property will be removed from the state or lost materially, injured or destroyed. That's the language of CPLR 6401. And a receiver is warranted, the First Department has held, where the movant has adequately demonstrated his apparent interest in the property and shown there is a danger of irreparable loss and damage to the property. That's the Dolgoff case, D-O-L-G-O-F-F, 235 A.D.2d 311.

So let's break those down. First I think the record shows that the movant here, Mr. Chassen, does have at a minimum an apparent interest in the property. In fact, I think the record indicates a real interest in the property. That I have previously recognized in this case on various motions that Mr. Chassen has held just shy of 50 percent of an equity interest in this company since the outset of the litigation. I have nullified at least two purported involuntary resignations under the contract. So at this point the law of the case is

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that neither party has involuntarily resigned and no purported forced resignation can be affected without court order by an order that I issued early in the case.

It's not entirely clear to me whether Mr. Simpson also contends that Mr. Chassen has voluntarily resigned, but I don't see the evidence establishing that certainly at -- on this motion. So, in terms of the threshold question of whether Mr. Chassen has standing even to bring this motion, I conclude that he does.

The parties are free to continue making their legal arguments. The case isn't over. This is an interim question of whether there is an apparent legal interest to give him standing, and I think there is. You know all the decisions in the case so far have been interim. And I will further say that his standing to seek this relief does not depend on how I may ultimately rule on the question of Mr. Chassen's major decision. Consent rights have expired at the end of either 2021 or potentially in May of this year. That that affects the operation of the entity in the ordinary course of business of course. But it doesn't affect his ability to have a say in whether the current undisputed manager, Mr.

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1  
2 Simpson, should be replaced temporarily by a  
3 receiver. He is, in my view until proven otherwise,  
4 he has a 49 percent membership interest in JJ Arch.

5 The bigger question obviously is whether  
6 having satisfied that threshold the movant has  
7 further showed significantly dangerous probability of  
8 irreparable loss and damage to JJ Arch justifying the  
9 appointment of a receiver, which is, you know, an  
10 extraordinary remedy. The issues that people look  
11 for is a danger of insolvency or that a party may  
12 dissipate assets. I think the arguments here have  
13 not been so much of Mr. Simpson, you know, siphoning  
14 money off to himself. There is a bit of that in the  
15 past arguments about, you know, expenditures of JJ  
16 Arch funds for personal use. But, you know, the  
17 question now is at this moment in time is that's  
18 what's going on. And I think now, you know, frankly  
19 the lion's share of the evidence has been more the  
20 management of this entity is in a chaotic state, sort  
21 of paralyzed and that rationale management is not  
22 possible at the moment, and the best thing for all  
23 considered is to have an independent person making  
24 objective decisions as an officer of the court while  
25 this case proceeds.

26 So, the factual crux at the bottom of it is,



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you know, frankly Mr. Simpson's stewardship of the company over the course of the, you know, recent past and back to really the time that he was reinserted as the managing member in the fall of 2023. I think the evidence has been by in large extremely troubling on that front. I think, you know, there is evidence that Mr. Simpson had and has real skills, substantive skills in this field. And whatever steady hand at one point in time he offered to JJ Arch and to Arch Real Estate, there has been a significant change during this litigation. And I recognize that litigation is very stressful, especially when, you know, rulings are made which are not favorable, but in my experience the test of leadership is the ability to remain calm and focused under the worst of times and the worst stress. So regardless of how skilled Mr. Simpson might be, and I really have no reason to doubt that, my perception based on reams of evidence, including just an enormous amount of personal interaction, is that his ability to run this business has sort of been overwhelmed by grievance. And there are just far too many examples to list here of this becoming an overwhelming obstacle to rationale, calm leadership of this entity, which does in fact control some third-party funds. Some of it

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is Mr. Chassen. The Peldmans are a part of it.

Part of the reason why I'm not ready to pull the trigger on any particular relief is because it is somewhat unclear to me how much there is to do at the moment. But just to finish up the record, I have personally observed during this hearing, you know, frankly sort of troublesome evidence of just a company not under control. And I recognize there are answers that have been provided for why tax returns haven't been filed for several years. Why the insurance is in an uncertain state. And, you know, I've heard late in the day that part of this is that this company was really never intended to make a profit or was sort of a landing zone from profits from Arch Real Estate Holdings. You know, that's a somewhat new argument that I'm hearing. That there is really not much to do here, and all that Mr. Simpson does is, you know, work at the car dealership. But this has been part of a pattern here.

I do need to go back in time. What's -- what's somewhat frustrating about this case, as I mentioned earlier, there are times when there are moments of coherence to Mr. Simpson's arguments that break through the clouds of grievance and that make

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me take notice that well, you know, maybe he has a point. But really from the outset of this case those have just been overwhelmed by, I mean, it's hard to call it anything other than chaos and retribution and tirates. And, you know, this is not a personality thing. This is a judge trying to evaluate whether there is a risk of the assets of this entity being lost for irrational reasons, and candidly I'm very concerned about that.

The bankruptcy episode which, you know, at this point I will defer to the detailed findings by the bankruptcy court who looked at this very, very closely from my perspective and frankly his -- the bankruptcy judge's conclusions are entirely consistent with what I saw while the case was here. And I think the bankruptcy judge concluded that the bankruptcy itself was brought in bad faith, and that during the bankruptcy expenses were under taken on JJ Arch's behalf that were wildly outsized to its business, which is again consistent with someone who has dug in and has focused on the litigation fight and has in someways lost track of managing this business. Maybe, you know, there is some parts of that that is understandable. As I'm learning more and more about it, I understand more now than I did

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2 before the relationship between the two companies. I  
3 always knew there was a relationship. It had always  
4 been my understanding that JJ Arch was a real honest  
5 to goodness business in its own right. And from my  
6 perspective this is the first time any real argument  
7 has been made well that's not really right. That it  
8 exists as part of an echo system with AREH and on its  
9 own it never really made sense as a business. That  
10 might be news to the Peldmans who have an investment  
11 that they certainly think is being managed by a real  
12 company. And it seems to be somewhat news to  
13 Mr. Chassen although, you know, the jury is out on  
14 that. So, I am concerned, you know, the bankruptcy  
15 episode.

16 It has not escaped my attention that a lot of  
17 progress has been made recently as this case has sort  
18 of turned the corner to things like receivership and  
19 now that you're back in this court again there is  
20 lots of activity around trying to sell this building  
21 or that building. It does, you know, sound a little  
22 bit like some activity being done for the sake of  
23 activity. But at the same time it's important that  
24 it's being done. I'm glad that things are moving  
25 forward to some extent. But the fact that I really  
26 still can't get Mr. Simpson when he's either

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testifying to or when, you know, frankly during the point when he was his own lawyer, to focus candidly is troubling when you're trying to evaluate hearing a number of, you know, one interested party, Mr. Chassen, but you know others who have come into contact candidly as a factfinder the testimony from Mr. Chassen and other people is consistent with what I've seen, which again is someone who people have described as a talented guy. Who, at least during less litigious phases, when it was somewhat Mercurial but, you know, not just functional but successful, to the litigant that I have seen since August of 2023, where even at the outset, where the court was inclined frankly to Mr. Simpson's basic position, and in fact installed him back in management. But every position taken was taken to extremes. And then court orders which were largely designed to assist Mr. Simpson were ignored and bent as part of what seems to be just a seemingly uncontrollable urge to chart his own path. To go after perceived enemies. It's been very odd frankly and troubling.

Courts do not, and this court specifically, as having been a business lawyer for many years, does not at all relish the idea of getting involved in a company's business. This case probably is far and

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away the most involved I have gotten in any company under any case in my docket, because I believe from the outset and still do that this is not a company where the normal guardrails and organizational management are in place to avoid irrational results, even with smart people in charge.

So, I think that, you know, the threshold arguments for an appointment of a receiver has been -- have been made, because I think there is enough erratic conduct here that if there is a real honest to goodness business at JJ Arch, and things that need to be done that can't be done without an independent person coming in and helping, which, you know, I have done in forfeiture situations where you, know, it's more typical.

So what I'm looking for at the next stage, because I think that some of the grounds for granting a receivership have been established, but the ultimate question is a question of discretion of whether on balance it's the right thing to do. And what I would like to hear from counsel on, since we're at the end of our day and I haven't had a chance to really assimilate especially things that have come in toward the end, I want a real evaluation, first of all what kind of a receiver or